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Montana Senate advances bill to aid NorthWestern purchase of Colstrip 4 share

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HELENA — The bill touted by supporters as a savior for the Colstrip 4 power plant — and a benefit for NorthWestern Energy electric customers — won endorsement Wednesday by the Montana Senate, on a mostly party-line vote with Republicans in favor.



Senate Bill 331, sponsored by Sen. Tom Richmond (R-Billings) would guarantee that NorthWestern can charge ratepayers \$75 million over 10 years for the costs of operating a newly acquired, 150-megawatt chunk of the coal-fired plant — if the company is able to buy that share from an unidentified co-owner for \$1.

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“I think we have to look at where this bill takes us,” Richmond said on the Senate floor. “It takes us to more reliable power. That certainly is a benefit for the consumers of that power.”

But opponents questioned why NorthWestern needs to shield these Colstrip 4 costs from any regulatory review if the purchase is such a good deal for its 360,000 electric customers in Montana.

“The problem is that we don’t really know anything because this project has had no oversight,” said Sen. Mary McNally (D-Billings). “But what we do know is that the company has chosen to insulate itself from those risks, from regulatory oversight, on the purchase — and now we’re into 10 years and \$75 million of investment. It goes straight to the ratepayers.”

The Senate voted 32-18 for SB331, with all 30 Republicans and two Democrats — Jon Sesso of Butte and Gene Vuckovich of Anaconda — in favor. After a final vote later this week, the bill heads to the House.

NorthWestern, the main proponent of the bill, has said it’s negotiating to buy up to a 150-megawatt share of the Colstrip 4 plant in southeast Montana, from a co-owner that want to abandon coal-fired power.

Colstrip 4 is jointly owned by NorthWestern and four other utilities from Washington and Oregon.

The utility already owns 220 megawatts of Colstrip 4 and if it buys another 150 megawatts, it would own half of the plant. Most of the other Colstrip owners have said they want to get out of coal-fired power.

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In its original form, SB331 said if NorthWestern acquired up to an additional 150 megawatts of Colstrip 4, the company could charge ratepayers up to \$40 million worth of operation and capital costs over five years, without review by the regulators.



On Wednesday, the Senate amended the bill to increase the ceiling to \$75 million over 10 years. The bill also says any cleanup costs related to the 150-megawatt share also shall be charged to ratepayers.

Backers of the bill argued Wednesday that NorthWestern consumers are getting a great deal because the utility is acquiring a reliable power source for next to nothing.

They also said if NorthWestern owns half the plant, with power dedicated to its Montana customer base, Colstrip 4 will be assured of operating well into the future — despite political and economic pressures against coal.

“If they don’t get this other 150 megawatts, I can guarantee you, (Colstrip 4) has got about a five-, six-year life,” said Sen. Duane Ankney (R-Colstrip) and one of the bill’s biggest boosters.

“There is absolutely no advantage to shutting this plant down. It’s going to provide us with low-cost, reliable energy that can back up the renewables, and keep us going forward.”

Supporters also said opponents of the bill have an anti-coal agenda, and that rather than protecting consumers, they really just want to shut down Colstrip.

“Coal’s important to our state,” Richmond said. “Pushing it out the door for some philosophical reason does us no particular good as taxpayers. It certainly doesn’t do the ratepayers any good.”

Opposing senators, however, strongly objected to being labeled anti-coal, and said there’s been no proof offered that the power from Colstrip 4 would be any less expensive than power available from other sources.

“What the bill does is remove regulatory oversight for the new acquisition,” McNally said. “It protects the utility shareholders and it puts any potential risk on the ratepayers.

“(NorthWestern) does not need this bill to buy any share of Colstrip. They can just do it. They have chosen not to. And I think they probably have their reasons and I think they’re probably pretty good ones.”

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-Mike Dennison reporting for MTN News